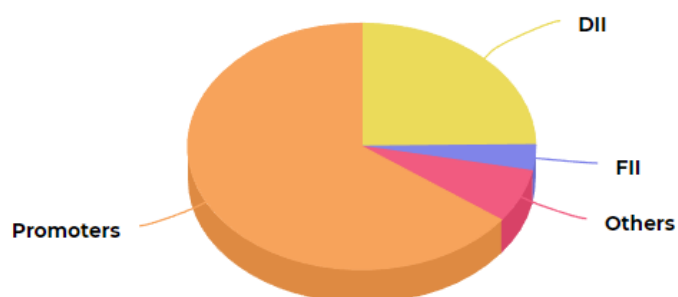


Zydus Wellness Limited

General Overview

Zydus Wellness is an Indian consumer goods company headquartered in Ahmedabad, Gujarat. It produces nutrition and skincare products and is a subsidiary of the pharmaceutical company Cadila Healthcare. Zydus was the first company to introduce India's first zero-calorie replacement of sugar, called Sugar Free. The company has various brands. Some of them are Complan, Sugar-Free, Glucon-D, Everyouth, Nutrilite, etc. The company targeted from nutritional products to skincare products, including Instant Energy products. Although for the last year the increase in share price is not significant being nearly 0.77% but in the last 3 years it rose by about 40 percent. Also, the company has been significantly profitable for many years. Recently, Zydus Wellness chose Pando to accelerate the digital transformation of their supply chain and logistics operations, which indicates the company is planning to expand and increase its sales.

Shareholding pattern



Showing Shareholding as on 31 Dec 2021

CATEGORY	NO. OF SHARES	PERCENTAGE
<div></div> Promoters	4,12,46,139	64.82 %
<div></div> Pledge	0	0.00 %
<div></div> FII	21,54,548	3.39 %
<div></div> DII	1,57,84,917	24.80 %
<div></div> MF	50,26,245	7.90 %
<div></div> Others	44,46,540	6.99 %

Observing the shareholding pattern of Zydus Wellness we can see that about 64.82% of the shares are held by the promoters. Now, this is a very good sign because more the promoters are having a stake in the company it shows the trust and confidence of promoters in the company. Although, we can see that nearly 3.39% of the shares are owned by FII (Foreign institutional investors) which is a bit less and the company should try to increase this percentage. Also, we can see that the pledge percentage among promoters is 0% which is also a good sign.

Management

Name	Designation
Ashish Bhargava	Director
Dhanraj P Dagar	Co. Secretary & Compl. Officer
Dharmishtaben N Raval	Director
Ganesh N Nayak	Director
Kulin S Lalbhai	Director
Savyasachi S Sengupta	Director
Sharvil P Patel	Chairman
Srivishnu Raju Nandyala	Director
Tarun G Arora	WholeTime Director & CEO
Umesh V Parikh	Chief Financial Officer

Dr. Sharvil Patel has been director of the Company since April 2009. He holds a bachelor's degree in chemical and pharmaceutical science from the University of Sunderland, United Kingdom and doctorate in philosophy for his research work from the University of Sunderland, United Kingdom.

Mr. Tarun Arora has been the director of the Company since May 2015. He holds a bachelor's degree in science from University of Delhi and a master's degree in post graduate diploma in business management from Institute of Management Technology, Ghaziabad.

Mr. Ganesh Nayak has been the Non-Executive Director in the Company since July 2006. He has completed the “General Manager Program” from Harvard University, United States of America. He is the Chief Operating Officer and Executive Director of Cadila Healthcare Limited (CHL), the parent company.

Ms. Dharmishtaben N. Raval, an eminent lawyer is a science graduate and master in Legislative Laws. She enrolled as an Advocate of the Gujarat Bar Association in 1980. She had worked extensively with the late Mr. Kirit N. Raval, former Solicitor General of India. She had exposure in the matters of various laws, such as Service Laws, Banking Laws, Financial Institutions, Company laws, Labour Laws, and Income Tax Laws. She had also worked as an Executive Director in SEBI till May 2003.

Swot Analysis

Strength

- Wide Range of Products - Zydus Wellness offers a wide range of products including Complian, Everyouth, Glucon-D, Sugar-Free, Nutrilite, and many more. This wide range of products has helped the company to capture a significant amount of market.
- Strong Market Position - Zydus has been able to maintain its leadership position in the highly competitive skin care market with 32.6% & 82.1% market share in the Scrubs & Peel-off sub-segment and 34.2% market share in acquired brand Nycil in the prickly heat powder category. It also has a massive 93.6% market share in sweetener segment.
- Global Presence - Zydus has its presence in over 20 countries and 3 continents . And this presence can be dated back to 33 years, which has helped the company to establish its customer base and global presence.

Weakness

- Declining Profits - Even though the company has been profitable since a long time , its profitability over last 2-3 years has been declining which creates a sense of insecurity amongs its investors and customers.
- Strong Dependence on some products - Zydus has a strong dependence on its sweetener, peel off and fat spread products. It should also focus to improve and increase sales of other products.

Opportunities

- Sustainability - In today's world, there is a great need for sustainable products and eco-friendly processes. Consumers are getting smarter and more logical. Hence Zydus should focus on this vertical to keep growing.
- Increasing the range of products - Zydus has a great network, presence, and reputation. It can leverage this to introduce newer products and diversify its product base. They already have the infrastructure and supply chain to increase their product portfolio.

Threats

- Competition - Zydus faces stiff competition from new entrants like Patanjali which are slowly capturing market share. It also faces competition from companies like Nestle, Britannia, Jubilant Food and many more.
- Duplication - Many new entrants have been coming into the market with a similar product and business model. This can be a threat for the company in the future run and company should try to introduce newer things and keep with the expectations of the customers.

Competitive Analysis

Some of the biggest competitors for Zydus Wellness are Nestle India, Britannia and Hindustan Unilever.

Name	Price	Market Cap (in Crores)	1 Year Return(%) / 5 Year Return(%)
Zydus Wellness	1622	10483	-15 / 88
Nestle India	18135	174389	5.37 / 195
Britannia Inds.	3517	83664	0.35 / 117
Hind. Unilever	2277	532030	1.36 / 166

We see from the table that there is good competition in this sector. All the companies have some or the other advantage over the other. In terms of market cap, we see that Hindustan Unilever is way ahead of others. Hindustan Unilever apart from food and beverage also offer beauty and personal care products which is the reason for such a great market. But one can

still say that Zydus being a mid cap company dominates the market in various segments. The biggest hero product of Zydus is Sweetner i.e Sugar Free. Britannia and Nestle have a market capitalization of 83664cr and 174389cr which is significantly more than Zydus as these are large cap companies, and these companies are in a good competitive position because of their product and consistent profitable results. Talking about returns Nestle is clearly way ahead of its competitors. Nestle gave 5.37% returns in a year which is not great but in the long run like for 5 years, it gave 195% returns which are better than others in this segment. But the share price of Nestle is very high for a normal investor, which accounts for fewer people investing in Nestle and here in this case Zydus is way better as the share price is very affordable and hence allows normal retail investors to invest in the company. All the peer companies have been showing consistent growth and profitability. And hence , Zydus needs to consistently keep on improving and adding new products to keep its consumers satisfied and compete with other brands.

Conclusion

In conclusion, I would like to say that Zydus Wellness can be a decent option for investment. There are multiple reasons for supporting the statement. The company enjoys having a good presence and dominance in the various segments of Food and Beverage sector. All the ratios and fundamentals incline towards a buying sentiment. Zydus has consistently been a profitable company. Investors have enjoyed over 88% returns over a period of 5 years. So we can see that the company has been performing well consistently. The only suggestion is that the company should be careful of its competitors and should try to retain its customers. Also, the company should also launch more variety and hero products to increase its customer base.